

ADMINISTRATIVE - INTERNAL USE ONLY

6 MAR 1975

MEMORANDUM FOR: Director of Logistics

SUBJECT : Evaluation Analysis of Procurement Division Workload

1. After a careful review of the recent Plans & Programs Staff, OL (P&PS), Procurement Study, we are unable to agree with either the statistics presented, the conclusions drawn, or the recommendations derived. However, the questions raised cannot remain unanswered. Fundamental to the study of this problem is the consideration of present as opposed to past conditions. The study apparently neither addressed itself to nor considered "the changed conditions" which existed as of 1 July 1974, the problem period.

2. The attached represents an independent Procurement Division (PD) evaluation of General Procurement Branch's (GPB) operation for the first 6 months of FY 1975 which I believe in and of itself delineates the conditions and thought processes under which the study was prepared. A detailed review of this study results in the following:

a. The per-individual, and therefore the unit productivity, is as efficient as can be expected under existing circumstances and, as stated in the past, not only compares favorably with but demonstrates that the per-unit productivity is equal to or greater than that which was experienced in our banner year of FY 1974.

b. We believe that our quantitative analysis refutes the allegation concerning a 60-day average through-put time.

c. The effect of increasing the delegation of procurement authority to the procurement agents to determine whether or not an increase to \$1,000, \$2,000, etc., would eliminate the alleged "circumferential" flow of paper for approval has been analyzed. Personnel who are limited to \$500 in delegation of authority (six in number) have less than one year's average experience in all of procurement and an increase of their respective delegations at this time without careful review of their capabilities and performance to date is considered inadvisable.

d. Irrespective of where organizationally a small purchase program is conducted, the individual procurement agents will still be constrained by the regulations, procedures, and policy dictates outlined in the attached study.

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3. We believe that this analysis, the intent of which is to present a positive statement of facts, conditions, and considerations, answers the question asked in October 1974, and any additional questions that may have been raised by the recent P&PS study.

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4. I have not seen fit to make any recommendations because the conclusions drawn in and of themselves provide courses of action which I believe are self-evident. However, I would recommend that prior to the time you make any decisions, you request that an audit be performed of the Small Purchases Branch, ☐SD/OL, and its operations by the identical auditors who are about to complete their audit of GPB. I believe that you will find the results of such an audit may materially effect your decision on such things as increasing the authorities of Small Purchases Branch buyers, or, for that matter, GPB procurement agents.

5. In conclusion, and irrespective of any action you may choose to take regarding this matter, I have taken the following steps to alleviate the real problem of reducing the current and continuing GPB backlog:

a. Effective immediately, GPB will commence working scheduled overtime through 15 April in an amount equivalent to 2.7 man-weeks per week. The projected effect of this action is to reduce the backlog by approximately 300 funded requirements (requisitions).

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b. In addition, positive steps will be taken to assign the ☐ approximately 100 requisitions per month. These requisitions will be carefully selected with due consideration given to cover and security factors. The effect of this action should reduce the current backlog in GPB through this period by approximately 150 requisitions.

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c. An immediate study will be undertaken to determine the possible benefits of transferring appropriate small purchase actions to the ☐ consistent with their charter. (Completion date: 28 March 1975)

d. We also plan to study the possibility of cross-utilization of Production and Services Contracts Section personnel for high-dollar-volume purchase actions currently in the hands of GPB. Admittedly, only 2 percent of the total GPB actions are in excess of \$10,000, however, an additional benefit may be realized by this action. (Completion date: 28 March 1975)

e. Continuing attempts will be taken, in conjunction with the Chief of Supply Division, to educate requisitioning offices for the purpose of instilling discipline for precisely defining the article or articles required prior to their forwarding an 88 to SD and subsequently to PD.

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6.. I hope that the foregoing steps will materially reduce the GPB backlog, however, the reservations taken in the fiscal years 1973 and 1974 annual reports regarding staffing complement, coupled with the undisputed additional burden of the December 1973 ADPE delegation, appears to be further substantiated by this study.



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Chief, Procurement Division, OL

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EVALUATION ANALYSIS  
OF  
PROCUREMENT DIVISION  
WORKLOAD

MARCH 1975

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This presentation defines terms and reflects actual productivity statistics and the application of same to assess the effectiveness with which the procurement task is being executed. For purposes of comparability, we have chosen the first 6-month period of the current and prior fiscal years.

The recent Plans & Programs Staff, OL (P&PS), Procurement Study focused primarily on the General Procurement Branch (GPB). For this reason, we have chosen to concentrate this presentation in that area.

In order to provide for organized thought herein, we present the following:

- a. Definitions
- b. Summary Statistics for the Two Periods Chosen for Comparison
- c. Application of Statistics and Other Pertinent Data
  - I. Average Monthly Funded Requirements Received per Procurement Officer
  - II. Average Monthly Backlog per Procurement Officer
  - III. Average Monthly Productivity per Procurement Officer
  - IV. Average Completed Actions per Funded Requirement
  - V. Average Completed Line Item per Completed Action
  - VI. Average GPB Experience of Procurement Officers
  - VII. Average Compensated Overtime
  - VIII. Non-Statistical Factors Relating to Productivity
  - IX. Average Through-Put Time of Funded Requirements
  - X. Other Related Elements
- d. Conclusion

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## DEFINITIONS

### 1. Funded Requirement:

- 1a. Form 2420: "Request for Procurement Services" is a direct charge to the customer's allotment. This funded requirement bypasses the normal OL channels and is routed directly from the customer to PD.
- 1b. Form 88: "Requisition for Material and/or Services" (usually PPA funded) is routed through SD channels to PD.
- 1c. Imprest Funds (Petty Cash): GPB Revolving Account for \$4,000 is utilized whenever feasible but is limited in scope. Items such as rubber stamps, miscellaneous parts, etc., are common to this account but are normally limited to \$100 individual purchases.

### 2. Purchase Action: A contractual document resulting from either a funded requirement or a funded or unfunded amendment relating to a previously funded requirement.

- 2a. Contract: A bilateral agreement for open-market requirements normally in excess of \$10,000.
- 2b. Service Contract (General Term): A bilateral agreement for quick-reaction goods and services.
- 2c. 100S Services: A telephonic order mechanism for quick-reaction services not provided for under service contracts. Limitation not to exceed \$2,500. (See Attachment 1 - Supply Division Instruction No. 45-80 dated 22 August 1972, subject: Procedures for Commercial Repair of Equipment.) This procurement mechanism eliminates written orders but requires GPB approving officer's certification for payment.
- 2d. Purchase Order: A unilateral agreement for open-market requirements not in excess of \$10,000.
- 2e. Delivery Order: A unilateral agreement issued for requirements under an existing contract.

### 3. Line Item: Any separately priced individual item or unit of a purchase action.

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APPLICATION OF STATISTICS  
AND OTHER PERTINENT DATA

As is the case with any statistical presentation, variable or inconsistent factors can influence the conclusions to be drawn therefrom. For this reason, we will isolate on individual comparative statistics in an attempt to determine what, if any, effects may have been caused by variable factors.

I. Average Monthly Funded Requirements Received per Procurement Officer:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> funded requirements received per month	1,076	921
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> funded requirements received per month per procurement officer	107.6	106.2

Based on the above, we can determine that the average funded requirement received per procurement officer for each period was constant.

II. Average Monthly Backlog per Procurement Officer:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> monthly backlog for period	917	828
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> monthly backlog of funded requirements per procurement officer	91.7	95.5

Based on the above, we can determine that the average backlog per procurement officer has increased slightly (4 percent).

III. Average Monthly Productivity per Procurement Officer:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> monthly actions completed	1,119	849
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> monthly completed actions per procurement officer	112	98

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Based on the above, we can determine that average monthly productivity (completed actions) is significantly less in the latter period (14 percent).

At this point, let us examine the relationship between funded requirements received, by number, average line items per funded requirement received, average number of actions generated per funded requirement, and the average number of line items per action.

IV. Average Completed Actions Per Funded Requirement:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> monthly funded requirements completed	953	747
<u>Average</u> monthly actions completed	1,119	849
<u>Average</u> actions completed per funded requirement	1.17	1.14

Based on the above, we can determine that the average completed actions generated per funded requirement remained constant between periods.

V. Average Completed Line Item Per Completed Action:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> number line items requested per month	2,783	1,957
<u>Average</u> number actions completed per month	1,119	849
<u>Average</u> line items per completed action	2.48	2.31

Based on the above, we can determine that the average line items per completed action declined slightly during the latter period (7 percent). It can therefore be reasonably concluded that neither average requisitions per completed action nor line items per completed action had a measurable impact on the average completed actions per procurement officer between the two periods.

VI. Average GPB Experience of Procurement Officers:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Actual</u> on-board procurement officer's average General Procurement experience	25.5 mos.	14.0 mos.

(Data to support the above averages is available upon request.)

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The loss of Messrs. [REDACTED] within a 30-day period was a staggering experience (i.e., a 45 percent experience reduction). STAT

VII. Average Compensated Overtime:

	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
Total compensated overtime hours	1,034 <sup>x</sup>	301
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> monthly compensated overtime	172 hrs.	50 hrs.
<u>Average</u> monthly compensated overtime per procurement officer	17.2 hrs.	5.8 hrs.

Based on the above, we can reasonably determine that the lack of compensated overtime, for whatever reason, was a measurable factor in the decreased productivity of GPB's procurement officers. It should be noted that the above figures DO NOT include significant uncompensated overtime performed by supervisory personnel.

For the sole purpose of trying to eliminate this variable between the two periods, the statistical addition of 11.4 hours of compensated overtime (17.2 minus 5.8) per procurement officer per month for the latter period would produce the following comparison:

<u>Added</u> compensated overtime per month per procurement officer	11.4 hrs.
<u>Average</u> on-board strength procurement officers	X 8.67
<u>Added</u> man-hours per month	98.8
<u>Added</u> man-months of productivity (98.8 divided by 173.3) (173.3 = 2,080 divided by 12)	.57 m/m*
<u>Average</u> completed actions per month per procurement officer	X 98
<u>Increased</u> productivity of completed actions per month	56*

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	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
<u>Average</u> completed actions	1,119	849
<u>Added</u> for overtime	-0-	56*
<u>Totals</u>	1,119	905*
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> completed actions per procurement officer per month	112	104*

\*Hypothetical based on statistical assumption that GPB compensated overtime for procurement officers during the latter period is equated to the compensated overtime in the first period, this to eliminate a variable and thus make comparison more meaningful.

VIII. Non-Statistical Factors Relating to Productivity:

Other variable factors can be identified that, while not conducive to statistical presentation, nonetheless had a probable negative impact on productivity during the latter period.

a. Administration and Follow-up Responsibilities:

During the first period, all responsibility for administration and follow-up of completed actions was vested in the Central Control & Distribution Branch, SD/OL. Effective 1 March 1974, however, all responsibility for administration and follow-up of completed actions was transferred to GPB with no concurrent or subsequent increase in personnel. These responsibilities present in the second period (FY 1975) were not present in the comparable period of FY 1974. While we cannot support our opinion with documentary evidence, it is nonetheless our judgment that procurement officers will average one hour of administration and follow-up to every five hours of purchasing effort. Typical of administrative responsibilities is the effort required to effect payment of past-due vendor invoices.

For the sole purpose of trying to eliminate this variable between the two periods, the statistical addition of 1.73 procurement officers (1/5 of the on-board strength of 8.67 in the second period, i.e., 1:5 administrative/purchasing ratio) using productivity statistics for the period would produce the following comparison.

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	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
<u>Average actual</u> monthly completed actions per procurement officer	112	98
<u>Average</u> on-board strength procurement officers	10.0	10.40*
<u>Average</u> monthly actions completed	1,120	1,019*

\*Hypothetical based on statistical assumption that GPB did not have administration and follow-up responsibilities, this to eliminate a variable and thus make comparisons more meaningful.

In recapping the statistics presented and comparisons made between the two periods, we believe the following statistical conclusions are valid.

	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
<u>Average</u> actual monthly completed actions	1,119	849
<u>Adjustment</u> to completed actions to equalize overtime differential (see VII above).	-0-	54*
<u>Adjustment</u> to completed actions to equalize for administration and follow-up responsi- bilities assumed (1.73 X 98 actions per man per month = 170 actions)	-0-	170*
<u>Monthly</u> completed actions	1,119	1,073*
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Monthly</u> completed actions per procurement officer	112	124*

\*Hypothetical

b. Requirements:

The CIA Act of 1949, as amended, when coupled with the Office of General Counsel's stated 1970 position, which is the adoption of the ASPR as a guide, places the small purchase program of the Agency in a position where we must strive for essential compliance of not only the ASPR but also the FPMR's, other Agency regulations, and OL procurement policies. Notwithstanding this as a guide philosophy, such things as the advent of the Freedom of Information Act (FOIA) and audit staff pressure towards more stringent compliance with GSA dictates, draw us closer and closer to more specific adherence to the aforementioned regulations.

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c. Policy:

It is the general policy of PD to follow the ASPR's and FPR's as guides. PD also tries to follow the FPMR's under which the FSS's are regulated. However, because of security and operational requirements, full compliance has never been practicable.

d. Political Atmosphere:

Considering the current political atmosphere, the Agency is in a "fish bowl" compared to the past protective aura it once enjoyed. We now consider it advisable to TIGHTEN the operating procedures to more closely comply with (1) FSS Contract Provisions, (2) GSA implementing regulations re Public Law 93-356, dated 25 July 1974 (see attachment 2), and (3) management and audit staff mandates, based on FOIA and other considerations, for obtaining sufficient sole-source justifications all of which further delay process time.

Full compliance with FPMR would seriously impact on our ability to satisfy Agency requirements on a timely basis. It would further increase our backlog and our administrative workload.

e. Multiple Awards:

Compliance with FSS under multiple awards requires complete sets of catalogs and price lists for all commodities, both on file in PD and in requisitioning offices. In some commodity groups, there are as many as 27 different contractors. Consequently, if the requisitioning office does not select the lowest priced item on the schedule, it would be required to justify its alternative selection under FPMR 101-26.408-1 (see Attachment 3). This is an effective "or equal" philosophy.

f. Waivers:

In commodities such as furniture and office equipment purchases deviating from schedules require a written waiver from the Commissioner, FSS/GSA.

g. Maximum Requirements:

Requirements in excess of maximum order limitations must be forwarded to GSA for procurement.

h. Special Requirements:

When items in the schedules meet the general but not the special requirements of the Agency, a written waiver to purchase such items must be secured from GSA.

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IX. Average Through-Put Time of Funded Requirements:

Finite analysis of the through-put time of any action is subject to so many variables that the development of a concrete average of through-put time is at best inconclusive. However, if one considers the actions as inventory and utilizes the FIFO (First In, First Out) method, the following information can be derived.

On an average basis, the backlog during the second period would represent 22.5 working days, calculated as follows:

<u>Average actual</u> completed actions per procurement officer per month	98	
<u>Average</u> number working days per month	20	
<u>Average actual</u> completed actions per procurement officer per day	4.9	
<u>Average</u> on-board strength procurement officers during the period of 7/1/74 to 12/31/74		<input type="text"/> ST
<u>Average</u> completed actions per day (GPB)	42.5	
<u>Average</u> backlog 7/1/74 to 12/31/74 (828 funded requirements X average of 1.136 actions per funded requirements)	941	
<u>Average</u> through-put time per funded requirement during the period of 7/1/74 to 12/31/74	22.5 working days	

Looking at average through-put from a different perspective, the following represents the average completion times for the period 7/1/74 to 12/31/74.

Calendar Days

<u>1 - 7</u>	<u>8 - 15</u>	<u>16 - 30</u>	<u>31 - 60</u>	<u>61 and over</u>
709	849	1,037	903	555
17%	21%	26%	22%	14%

The above figures demonstrate that 64 percent of all funded requirements are completed within 30 calendar days of receipt.

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While the obvious answer appears to be the application of additional procurement officers, the nature of the funded requirements are such that a certain percentage of them will always require in excess of 31 days to complete. This delay is due to numerous reasons (e.g., inadequate specifications, formal solicitations, non-responsive vendors, lack of sufficient sole-source justifications, etc.).

The above figures do not include 419 100S-type 2420's due to the fact that, contrary to SD Instruction No. 45-80 requirements, many of these funded requirements are not physically received until after procurement action has been completed. If included, this amount would result in a negative throughput time which would distort the above quantitative statistical analysis of average through-put time.

X. Other Related Elements:

a. To the statistics thus far presented must be added the variable effect of the Small Purchases Branch, [ ] SD/OL (SPB), which was not in being during the first period (FY 1974) but was in the second period (FY 1975). SPB was assigned 1,846 funded requirements per SPB personnel during the second period that would otherwise have been handled by GPB. In an attempt to make these statistical comparisons as meaningful as possible, we must therefore add 1,846 funded requirements to the second period, for comparative purposes.

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	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
Funded requirements received	6,457	5,523
Statistical addition of SPB funded requirements	<u>-0-</u>	<u>1,846</u>
Adjusted Totals	<u>6,457</u>	<u>7,369</u>

Because it would be statistically invalid to attempt to compute an average completion rate and resultant backlog figures as a result of the statistical SPB added requirements, suffice to say that the preponderance of them would still be on hand. Given the fact that GPB received 5,523 funded requirements; given the fact that SPB received 1,846 requirements; given the fact that as of 31 December, there were 1,051 funded requirements backlogged in GPB; and assuming that the simplicity of the SPB-type action is offset by the additional resource expenditure necessary for such things as payment, packing, pickup and delivery, etc., it could be considered valid to assume that each of the aforementioned funded requirements would generate 1.136 actions and therefore an analysis of our hypothetical position could be portrayed as follows.

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<u>Number of Buyers</u>	<u>Actions Completed</u>	<u>Backlog</u>
8.67	5,094	3,290
9.0	5,292	3,092
10.0	5,880	2,504
11.0	6,468	1,916
12.0	7,056	1,328
13.0	7,644	740
14.0	8,232	152
15.0	8,820	-0-

b. The final heretofore unmentioned potential variable effect on the statistics presented is that of the   
Based on our analysis, we conclude that, with very minor exceptions, the effect of the  was constant across both periods and therefore an inconsequential variable.

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CONCLUSION

Based on an evaluation of all factors contained herein, it is our opinion that:

a. Productivity per procurement officer during the period of 7/1/74 to 12/31/74 was equal to or greater than productivity in any prior period, all facts considered.

b. Productivity of completed actions per procurement officer per month equals or exceeds that which can reasonably be expected, all facts considered.

c. An increase in the procurement delegation of authority would neither measurably increase through-put time nor measurably decrease backlog conditions in light of the fact that those procurement officers presently vested with \$500 authority have an average experience base in GPB of only 10 months.

d. Existing Federal procurement statutes, Agency implementing regulations (FPMR, ASPR), and OL procurement policies must be adhered to regardless of where within the organization the small purchase program is located.

e. The administration and follow-up responsibility imposed in March of 1974 has had the effect of reducing the per-individual productivity by a minimum of 20 percent in the comparable periods.

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SUPPLY DIVISION INSTRUCTION  
NO. 45-80

SDI 45-80  
22 August 1972

## PROCEDURES FOR COMMERCIAL REPAIR OF EQUIPMENT

### 1. GENERAL

a. This Instruction sets forth the policies and procedures to be followed by all components involved in the processing of requests for repair of Government personal property. Prior to undertaking and repair to an item under this Instruction a check will be made to ascertain whether the item is still under a warranty that would cover the repair. If the item is under such warranty, the repair will be handled under the tenure of warranty rather than through the procedures in this Instruction.

b. The items subject to servicing in accordance with the procedures outlined in this Instruction are divided into four categories as follows:

I. Items in CONUS stock. (Page 3)

II. Items returned from domestic or foreign installations. (Page 6)

III. Items in-use in the Headquarters area (exclusive of items to be repaired in place). (Page 9)

IV. Onsite repairs to Property In-Use in the Headquarters area. (Page 10)

c. Form 88, "Requisition for Materiel and/or Services," will be used to initiate action for repair of items in categories I through III. Form 2420, "Request to Procurement Division for Services," will be used to initiate action for onsite repairs to items in category IV.

d. The Voucher Register in Supply Division, Central Control and Distribution Branch (OL/ED/CCDB) will serve as the reference point for all Forms 88 issued in accordance with this Instruction, and the Register will contain information as to both supply and procurement action to be taken. A log of all Forms 2420 issued for procurement action will be maintained in the Office of the Chief, Procurement Division.

### 2. POLICY

a. It is our policy to effect the commercial repair to personal property in the most economical and timely manner possible.

b. Repairs are to be accomplished with the same degree of sterility as the original procurement of the item. For this reason, the sterility

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WARNING  
SENSITIVE INFORMATION  
AND METHODS INVOLVED

22 August 1972

of the item to be repaired must be specified on the requesting document. If the item is  and no cleared source or agent exists, it may be necessary to request GSA, through Supply Division, Supply Management Branch, Interdepartmental Support Section (IDSS), to accomplish the repair.

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### 3. DESCRIPTION OF PROCUREMENT METHODS

#### a. Annual WORK ORDER Offsite Repair Contract

This contract provides for specified offsite repair to be performed in accordance with previously established terms and conditions. Work Orders issued under the contract are prepared on Form 2448 or on Form 2448-A, whichever is applicable depending upon method of payment and other contractual conditions. The use of this contract is practical only if there will be a sufficient number of substantive actions during the year to justify the administrative effort involved. Costs are charged to a single Financial Analysis Number (FAN) certified in the original request for the contract. (Form 2420 or Form 2422).

#### b. Annual Call Order Repair Agreement (Time & Material)

Generally, this type agreement is established to accomplish onsite repair to Property In-Use. The Agreement sets forth rates for specified service to be performed in response to a verbal order from the customer to the contractor. No paperwork is involved other than customer certification on the invoice submitted by the contractor. All charges are made to a single FAN certified in the original request for the contract (Form 2420 or Form 2422).

#### c. Individual or One-time Order/Contract

On the basis of a funded request from the customer (Form 88), a Purchase Order or a contract is negotiated for the repair of the specified item(s). Such individual procurement instruments are issued when no basic ordering agreement exists between the Agency and the applicable contractor.

#### d. Individual or One-time Oral Order for Onsite Work

Onsite repairs to nonsterile items are accomplished on the basis of a funded request (Form 2420), a call to the contractor requesting the service and furnishing a 100-S-(000) reference number, and a certification by the customer as to services received. As stated, this procedure is applicable to nonsterile items only.

## 4. PROCEDURES

## a. Category I: Items in CONUS stock

## (1) Using Annual WORK ORDER Contracts

(a) The Classification, Repair, and Disposal Section (CR&DS) will prepare a Form 88 including:

The Contractor's name (complete Consignee address of the Contractor);

The Contract Number;

The applicable Work Order Number (must follow a consecutive numbering series);

A complete description of the trouble and/or work to be performed (prepared by appropriate technical officer)

The declared value of each item.

An integral step in the preparation of the Form 88 is to obtain the requisite signatures and especially budget certification from the Budget and Fiscal Branch (OL/EO/B&FB).

(b) The completed Form 88 will be forwarded to CCDB for assignment of a credit voucher number or obtained by telephone by CR&DS from CCDB, and then to  for processing.

(c) Stock Control Branch (OL/SD  SCB) will process the Form 88, code to place the item(s) in Condition 7, and forward the appropriate number of copies to the storekeeper who locates the item(s) and delivers to the Packing and Crating Section (OL/SD  P&CS). P&CS will prepare the Form 291 to CR&DS for the establishment of a suspense file.  then ships/delivers the item(s) to the contractor.

(d) General Materiel Management Section (OL/SD/GMMS) will continue to consider Condition 7 items in its management of the overall inventory.

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(e) CR&DS, upon receipt of the work statement and cost proposal from the contractor, will prepare the Work Order in an original and eight copies, attach one copy of the Contractor's work statement and cost proposal to the Work Order and forward them to the contracting officer. The CR&DS will complete all items on the Work Order except for paragraph 5 (PRICING or PAYMENT), which will be completed by the Procurement Division, Contracts Management Branch (OL/PD/CMB). CR&DS will include in its transmittal of the Work Order package to OL/PD/CMB, a written statement as to the technical adequacy or any inadequacy in the Contractor's work statement and the appropriateness or inappropriateness of the direct cost elements of the Contractor's cost proposal, i.e. whether the Contractor's proposed labor categories and hours are appropriate for the work to be performed, and whether the material proposed by the Contractor is reasonable. (Prepared by the appropriate technical officer.)

(f) The contracting officer will resolve with the contractor any questions relative to cost, fee, or profit as well as those of a legal or contractual nature. He will then complete paragraph 5 of the Work Order, affix signature, and make distribution as follows:

Orig & 1 - Contractor  
1 - CSAD  
1 - PD/Contract Jacket File  
1 - Vital Records  
1 - OL/SD ☐ SCB  
1 - OL/EO/B&F  
1 - Requisitioning Component  
1 - COTR (or OL/SD ☐ MFB/CR&DS)

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(g) Before a cost limitation cited on a prepared Work Order can be exceeded, the contractor must provide CR&DS written details on the additional cost and any revision to the delivery date. This information must be transmitted to the Contracting Officer via the most expeditious means including CR&DS's comments as to its technical reasonableness. The contracting Officer will then determine and take appropriate action.

(h) CR&DS is responsible for establishing procedures to insure continuous followup on all stock items sent to commercial vendors for repair and modification. Such followup will be performed with CCDB in lieu of the vendor. A consolidated machine listing of Condition 7 items will be provided to CR&DS as an additional follow-up and management tool.

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(i) Return of the item(s) to ☐ by the contractor will require: (1) acknowledgement of receipt by CR&DS by initiation of a Receiving Report (Form 595), and (2) inspection performed by the COTR. Items accepted by the COTR are processed into stock. If an item is rejected, CR&DS will forward a copy of the Receiving Discrepancy Report (Form 1583) to the contracting officer. Rejected items will be held by CR&DS pending receipt of Form 291 from the contracting officer.

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(j) Upon receipt of the contractor's invoices, the contracting officer will request the COTR to verify, by signature, the certification of performance and acceptance of work portions of the Work Order prior to forwarding to the Office of Finance (OF) for payment.

(2) Using Individual or One-Time Order Contracts

(a) Requesting Office

(1) Prepare the Form 88 containing complete information relative to the services desired (nature of problem), and describe fully including sterility code the item(s) to be repaired. Preparation of the Form 88 will include the declared value of each item and approving signatures, particularly budget certification by OL/EO/B&F.

(2) Forward the Form 88 to OL/SD/SMB/GMS for management review and approval and then to CCDB. CCDB will assign a credit voucher number and make distribution of the document.

(b) Procurement Source

(1) Normally, Procurement Division (PD) is the procurement source and arranges for the repair of the items. On occasion, IDSS and other elements of OL perform the procurement functions and will follow the procedures set forth herein.

(2) Prepare and forward to ☐ the Form 291. The Form 291 or any amendment thereto will include the following:

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(a) Name and Address of vendor,

(b) Instructions to vendor,

(c) Details concerning inspection of the item(s)  
upon return ☐

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(d) Security considerations, i.e., requirement for sterile documentation, and

(e) Declared value of item(s).

(3) Prepare a Purchase Order based upon the agreement concluded with the vendors and make appropriate distribution. If the materiel is determined to be uneconomically repairable, the Purchase Order will be prepared and distributed in the usual manner to advise all interested components of this fact. In this situation, the Purchase Order also serves as a supporting document for the requisitioning office to drop accountability for the materiel as uneconomically repairable.

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(c)

(1) Delivers/ships the item(s) in accordance with instructions received from the procurement source normally contained on the Form 291,

(2) Conducts inspections of item(s) returned from the vendor,

(3) Initiates and distributes the Form 595, and

(4) Processes returned items to stock.

b. Category II: Items returned from  field installations.

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(1) Normally, these items are returned utilizing a shipping indicator or they may be received via pouch channels. The Form 88 will be initiated by CCDB, except when prepared by the technical office, when processing this type of repair and return. Costs for these repairs will be charged to the customer's FAN.

(a) CR&DS will normally receive items being returned from field installations and is responsible for accomplishing the following:

(1) Upon receipt, check all containers to determine that contents are identified, counted, and tagged. Insure that a technical inspection is performed to determine if repair is economically feasible and whether or not the repair can be accomplished by Depot personnel or must be sent out for commercial repair. (Note: "In-house" repair can be accomplished at  under existing  procedures.)

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(2) CR&DS will advise CCDB of the status of any item returned from a field installation. Such written notification will include information that will identify the item, the customer, technical inspection data, and information as to whether the item is economically repairable. Materiel determined to be unrepairable for whatever reason will be reported to CCDB. CCDB will inform the customer to determine if replacement in kind is required.

(3) Upon receipt of written notification from CR&DS that it has an item available for repair, the cognizant or technical office will prepare a requisition (Form 88) to effect the repair and return. If the cognizant or technical office does not prepare the Form 88, CCDB is authorized to do so. Regardless of which office prepares the documentation it is understood that preparation of the Form 88 will include the necessary approval for the repair, the requisitioning activities' document number, FAN, and declared value for each item. The originator of the documentation will also contact the appropriate B&F Officer and obtain certification of estimated funds. The Form 88 will be assigned a nonaccountable voucher number in the 38,000 through 38,999 series. (Annotated, "Repair Purposes Only") and will be distributed as follows:

Orig - ☐ SCB  
4 - Procurement Division  
1 - Area Division B&F Officer  
1 - Area Division Logistics Officer  
1 - ☐ CR&DS  
1 - ☐ FTB  
1 - ☐ SD/CCDB/FES  
1 - ☐ P&CS

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(4) Once the identity of the vendor has been established, PD will prepare a Form 291 and forward the master ditto to the ☐ for scheduling. One carbon copy will be forwarded to CCDB ☐

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(5) Upon receipt of the Form 291, CR&DS will move materiel to P&CS on a Priority I basis. P&CS will pack materiel for shipment on a Priority I basis and forward the Form 291 to Freight Traffic Branch (OL/SD ☐ FTB) for shipment and distribution of the Form 291 as follows:

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Master ditto - ☐ SCB - Accountable  
voucher file

- 1 - OL/PD
- 1 - OL/SD/CCDB/FES
- 1 - Area Division Logistics Officer
- 1 - OL/SD ☐ CR&DS

(6) PD will prepare the appropriate procurement instrument and furnish CCDB and CR&DS a copy of same.

(7) Upon return from the vendor, CR&DS will process the Receiving Report copy of the Forms 1458 or 1444, or prepare the Form 595 as appropriate. CR&DS will also insure that inspection is performed by the technical officer concerned. (In the event materiel is rejected, the Receiving Discrepancy Report (Form 1583) will be prepared and forwarded to CCDB for transmittal to PD for resolution). CR&DS will debit voucher the Receiving Report and forward to ☐ SCB for distribution as follows:

- Orig - Office of Finance
- 1 - OL/SD/CCDB/FES
  - 1 - Area Division B&F Officer
  - 1 - Accountable voucher file
  - 2 - Procurement Division
- 

(8) If the item is to be returned to the field, the ☐ upon receipt of the Receiving Report will schedule materiel for packing and will automatically assign Priority I. The property will then be physically forwarded to P&CS. The ☐ will forward a copy of the Receiving Report (with a Form 3462, Document Control Slip, attached) containing scheduling information to the P&CS. P&CS will take action on the Receiving Report with Form 3462 attached. A Form 88 will not be required on these shipments.

(b) P&CS will prepare the Form 291 and will pack materiel and forward the master ditto of the Form 291 to FTB.

(c) FTB will complete the Form 291, book and ship materiel, and distribute copies of the Form 291 as follows:

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Master ditto - Accountable voucher file

1 - SD/CCDB/FES

1 - ☐ CR&DS

1 - Area Division B&F Officer

1 - Area Division Logistics Officer

25X

(9) If the item is not to be returned to the field, the item(s) will be processed into stock in accordance with existing procedures.

(10) If the equipment is deemed uneconomically repairable, either before preparation of the Form 88 or after shipment to and evaluation by the contractor, the matter will be referred to CCDB by CR&DS. CCDB will notify the customer and possibly prepare a requisition for replacement of the item. CCDB will coordinate any correspondence with SCB and CR&DS concerning nonexpendable property. Disposal of the unrepairable item(s) will be coordinated and handled in the usual manner. A formal order/contract may be issued to effect payment for any service charge and/or shipping costs levied by the contractor, or an amendment may be issued to cancel an existing order, thereby documenting disposition of the item.

c. Category III: Items in-use in the Headquarters area requiring shipment to the contractor for repair (exclusive of items to be repaired in place).

(1) The requesting office will forward a properly prepared Form 88 to CCDB for assignment of a nonaccountable voucher number (Repair Purposes Only) and make distribution as follows:

Orig - ☐ SCB

4 - Procurement Division (Form Action)

1 - Area Division B&F Officer

1 - Area Division Logistics Officer

1 - ☐ CR&DS

1 - ☐ FTB

1 - ☐ SD/CCDB/FES

1 - ☐ P&CS

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(2) Once the identity of the contractor has been established, PD will prepare a Form 291 and forward the master ditto to ☐ for scheduling. One carbon copy will be forwarded to CCDB ☐

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(3) Upon receipt of the Form 291, CR&DS will move materiel to P&CS on a Priority I basis. P&CS will pack the materiel for shipment on a Priority I basis and forward the Form 291 to FTB for shipment and distribution of the Form 291 as follows:

Master ditto - ☐ SCB - Accountable Voucher File  
1 - OL/PD  
1 - SD/CCDB/FES  
1 - Area Division Logistics Officer  
1 - ☐ CR&DS

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(4) PD will prepare the appropriate procurement instrument and furnish CCDB and CR&DS a copy of same.

(5) Upon return from the vendor, CR&DS will process the Receiving Report copy of the Forms 1458 or 1444, or prepare the Form 595 as appropriate. CR&DS will also insure that inspection is performed by the technical officer concerned. (In the event materiel is rejected, the Receiving Discrepancy Report, Form 1583, will be prepared and forwarded to CCDB for transmittal to PD for resolution). CR&DS will debit voucher the Receiving Report and forward to ☐ SCB for distribution as follows:

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1 - Office of Finance  
1 - CCDB/FES  
1 - Area Division B&F Officer  
1 - Accountable voucher file  
☐  
2 - Procurement Division

✓ d. Category IV: Onsite repairs to Property In-Use in the Headquarters area.

(1) If there is no existing contract to cover the required work, the method for accomplishing such repairs (if under \$2,500) is usually the one-time oral order for onsite repairs action (so-called "100-S" repairs). This procedure is designed to reduce paperwork to a minimum on low-cost repairs and render service in the speediest manner possible. A customer office requiring service not covered by contract will either submit a Form 2420 to Procurement Division, General Procurement Branch, (PD/GPB) in advance, or place a telephone call to GPB, confirmed by a Form 2420 to certify availability of funds. GPB then assigns a serial number (Ex: 73-100-S-123), makes a record thereof to include office, vendor, type of service, etc., and calls an appropriate servicing vendor

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or authorizes the customer to make the call. The vendor is instructed to forward invoices to GPB, who certifies or obtains certification as to service rendered and forwards invoices to Certification and Liaison Division (OF/C&L) for payment, citing the "100-S" number and chargeable FAN on the invoice. If the Form 2420 is confirming and states thereon that services have been performed, or other documentation so states, the Procurement Officer certifies the invoice on this basis. If no statement exists, the invoice itself is forwarded to the customer for a statement of services rendered and forwarding to C&L Division.

(2) If there is an existing Service Contract for repair of specific type of equipment written for administration by the Buildings Supply Branch (BSB) of Logistics Services Division, calls are placed directly to BSB by the customer. The customer signs the service receipt using the name [ ] and true initials and forwards the receipt to BSB for processing.

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(3) If the estimated cost of repairs to Property In-Use at Headquarters is over \$2,500, consideration will be given by GPB to competitive estimates and a separate contract.

(4) If repair of Property In-Use at Headquarters is to be handled on an SC-1 basis and is not covered by contract, GPS must insure that any vendor and his agent are properly cleared and the action is in writing.

## 5. FOLLOWUP

CCDB is responsible for establishing procedures to insure continuous followup on all items sent to commercial contractors for repair. Such followup will be performed directly with the responsible procurement officer in lieu of the contractor. CCDB will advise customers of current status of items out for repair. Such notification is particularly important when undue delays in accomplishing the repair are encountered.

[ ]  
Acting Chief, Supply Division, OL

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## CONCURRENCE:

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[ ]  
Chief, Procurement Division, OL

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DATE

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NO. 45-80

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22 August 1972

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(22 August 1972)

UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION

Approved For Release 2003/05/06 : CIA-RDP87-01146R000100030015-4

Office of Federal Management Policy

Washington, DC 20405



August 8, 1974

MEMORANDUM FOR OFFICIAL AGENCY REPRESENTATIVES FOR COMMISSION  
ON GOVERNMENT PROCUREMENT (COGP) MATTERS

SUBJECT: Enactment of Public Law 93-356 - Increase the  
statutory ceiling on procurements for which  
simplified procedures are authorized to \$10,000

Attached, for your information, is a copy of a Federal  
Register notice which is being processed for publication.

Enactment of P. L. 93-356 is particularly noteworthy as  
it is the first piece of legislation which implements a  
significant procurement reform action proposed by the  
Commission on Government Procurement (COGP Recommendation  
A-7).

*William W. Thybony*  
WILLIAM W. THYBONY  
Acting Director for  
Procurement Management

Enclosure

OL 4 4100

101-26.407-3(c)

(c) A statement substantially as follows shall be placed on orders for security cabinets placed with Federal Supply Schedule contractors:

In the event of any inconsistency between the terms and conditions of this order and those of your Federal Supply Schedule contract, the latter will govern.

**§ 101-26.407-4 Use of security cabinets.**

Security cabinets purchased in accordance with this § 101-26.407 shall be used as prescribed by the cognizant security office.

**§ 101-26.408 Multiple-award contracts.**

**§ 101-26.408-1 Description.**

(a) Multiple-award Federal Supply Schedules cover contracts made with more than one supplier for comparable

items at either the same or different prices for delivery to the same geographical area. These Schedules are identified by the inclusion, in the Special Provisions, of a paragraph entitled "Multiple Awards."

(b) Federal Supply Schedule contracts are made on a multiple-award basis when doing so is to the advantage of the Government in providing effective utilization of industry production and distribution facilities or in providing selectivity from among comparable items when there are no prescribed standards or specifications.

**§ 101-26.408-2 Procurement at lowest price.**

Each purchase made from a multiple-award Schedule by agencies required to use such Schedules shall be made at the lowest delivered price available under that Schedule, unless the ordering agen-

(NEXT PAGE IS 2622, 1)

ERAL SUPPLY SCHEDULE CONTRACTS

101-26.408-4 (b)

cy fully justifies the purchase of a higher priced item. Other agencies using the Schedules are apprised of the advisability of fully justifying any orders placed with other than the contractor offering the lowest delivered price.

§ 101-26.408-3 Justifications.

(a) Justifications of purchases made at prices other than the lowest delivered price available should be based on specific or definitive needs which are clearly associated with the achievement of program objectives. Mere personal preference cannot be regarded as an appropriate basis for a justification. Justifications should be clear and fully expressed. Recital of, or reference to, one of the factors set forth in paragraph (b) of this § 101-26.408-3 is not sufficient.

(b) The following examples illustrate factors that may be used in support of justifications, when used with assertions that are fully set forth and documented.

(1) Special features of one item, not provided by comparable items, are required in effective program performance.

(2) An actual need exists for special characteristics to accomplish identified tasks.

(3) It is essential that the item selected be compatible with items or systems already existing within using offices.

(4) Trade-in considerations favor a higher priced item and produce the lowest net cost.

(5) Time of delivery in terms of actual need cannot be met by a lower priced contractor.

(6) Justifications which incorporate features of the following examples must be based on objective factors which adequately establish the advantages inherent in purchase of the higher priced item when:

(i) Probable life of the item selected, as compared to that of a comparable item at a lower cost, is sufficiently greater so that the additional purchase price is economically warranted.

(ii) Warranty conditions of a higher priced item are sufficiently advantageous to justify the added cost.

(iii) Greater maintenance availability, lower overall maintenance costs, or the elimination of problems anticipated with respect to machines or systems, especially at isolated use points, will produce longrun savings greater than the difference in purchase prices.

§ 101-26.408-4 Placement of orders.

(a) The possibilities of selectivity among items listed in multiple-award Federal Supply Schedules do not relieve agencies of the responsibility to place orders at the lowest delivered price available (after application of Buy American differentials, when appropriate, as set forth in the Federal Supply Schedule under the paragraph "Foreign Origin") unless there are factors for consideration which definitely justify the purchase at other than the lowest price. The responsibility exists whether or not the value of an order is more or less than the applicable open market limitation. When purchases are made at other than the lowest delivered price available under the applicable Federal Supply Schedule, the purchase order file or other appropriate file should contain a complete justification for such purchase. When an agency, pursuant to an agreement with GSA, submits a request for GSA to purchase an item under a Federal Supply Schedule which is other than the lowest priced item on the Schedule, a complete justification to support procurement shall accompany the request. Justifications for such purchases need not accompany requests from overseas activities for overseas deliveries. However, GSA will construe such requests to mean that the justification is in fact in the ordering installation's file.

(b) Where two or more items at the same delivered price will meet the ordering agency's needs equally well, selection should be based on preference for the item of a labor surplus area concern or



101-26.408-4 (b)

a small business concern. In making a selection on that basis, the same order of priority shall be used as that established in paragraph (a) of FPR 1-2.407-6, Equal low bids. In making such a selection, the information in the Federal Supply Schedule as to the business size status or points of production of contractors may be used for preliminary, but not conclusive, determination as to whether small business or labor surplus area policies might be furthered through preferential award of the order. The extent to which additional and current information is obtained by an ordering agency is left to the discretion of the agency, taking into account the size of the order and other factors which the agency considers pertinent.

**§ 101-26.408-5 Price reductions during contract period.**

(a) Each Federal Supply Schedule contract involving multiple awards contains a clause entitled "Price Reductions to a Federal Agency." The clause provides that if, during the life of the contract, any Federal agency cites that contract as the contract under which its order is placed and the contractor sells to that agency at reduced price any article or service covered by the contract and the quantity involved falls within the applicable maximum order limitation set forth in the contract, equivalent

price reductions based on similar quantities or considerations, or both, shall apply to his Federal Supply Schedule contract and, thereafter for the duration of the contract period, the contractor shall invoice all ordering offices at such reduced price.

(b) Each Federal agency which has made a purchase of the type covered by the "Price Reductions to a Federal Agency" clause shall, within 10 days, notify the contracting officer of such purchase.

**§ 101-26.409 Drugs and pharmaceutical products.**

Federal Supply Schedule FSC Group 65, Part I. Drugs and Pharmaceutical Products, is divided into sections A and B. Section A contains contracts based on the generic names (and specifications) of items which were awarded on an advertised low-bid basis. Section B contains negotiated contracts which are based on contractors' catalogs or price-lists. Consequently, when items are available from both section A and section B, procurement shall be made of the section A items if they are generically equivalent and will satisfy professional or technical requirements. In section B items must be procured for bona fide technical or professional reasons, a justification to support the procurement shall be obtained from a qualified technical or professional individual.

(NEXT PAGE IS 2623)

STAT 1. Is the Special Purchase Branch (SPB)  operating at capacity?

Capabilities of SPB were not fully utilized through the month of December. This assessment was made by SPB personnel in early December. Discussion with Chief, SPB, and other personnel of the Branch indicated that capabilities were being used to the extent possible during the month of January, but that some slack may have occurred during parts of February as a result of a declining workload. Apparently, the facilities of the branch are being used at or near capacity. Some additional workload, however, could probably be absorbed without increasing staffing patterns.

SPB personnel noted that procedures were being reviewed as were the kinds of actions handled by that unit. For example, requisitions processed to that unit for supply action may contain items which are available through the MILSTRIP/FEDSTRIP system. The leadtime in the Interdepartmental Support Branch averages approximately 5 days or less which probably indicates that this unit is not operating at capacity and could absorb additional workload without any disruption in system operations. Accordingly, the review now being undertaken by SPB may result in minor redistribution in workload.

Supply Management Branch (SPB) may release a requisition for SPB action which has a 90-day delivery date when received at SPB. These requisitions were frequently accorded low priority and were not selected for action until some 30 days prior to the date the item is due in the field. This delay created problems because an item listed thereon may not be available commercially within the 30-day turn-around period authorized by Supply Division Instruction in which event the requisition may be returned to SMB for transfer to Procurement Division. While the points above are not

2. Is General Procurement Branch training its personnel across commodity lines?

Definition - Commodity Class as defined herein may include a range of hand and power tools as well as industrial equipment. Similarly electronic components such as resistors, capacitors, tubes, diodes, etc. are grouped in commodity classes with procurement responsibility assigned to one or more procurement officers who specialize in given product lines. Procurement Officers may be responsible for the execution of purchase orders covering numerous commodity classes.

a. Interviews with Procurement Division (PD) personnel indicate that the present lineage of procurement officers has not had the luxury of being trained in the acquisition of materiel not included in the commodity classes to which they have been assigned. This is due to the fact that the workload has been such that each procurement officer is totally occupied in the acquisition of materiel falling within commodity classes for which he is responsible. Until such time as slack time occurs it seems apparent that little can be done in the area of cross training without further degradation of response time.

b. The workload distribution between the Industrial Products and Administrative Products Sections of PD is reasonably well divided. The interviewer was assured that in the event of slack periods developed within commodity specializations the procurement officer affected would be assigned to another area of operation to relieve clutters. Personnel with whom this problem was discussed in PD did not seem to feel that the problem was germane because procurement resources were totally occupied at the present moment. Assuming that future workload distribution factors demonstrate that a procurement officer is not totally occupied in relation to the others, workloads

24 OCT 1974

MEMORANDUM FOR: Chief, Procurement Division, OL

SUBJECT : Procurement Division Operations

1. As part of our ongoing program to review and evaluate the effectiveness of OL operations, I have asked the Plans and Programs Staff to undertake such a study of your Division. The study is scheduled to begin the week of 28 October 1974 and continue for approximately 30 days.

2. The Chief, Plans and Programs Staff, will be in touch with you shortly to discuss certain preliminaries as well as the planned scope of the study.

/s/ Michael J. Malanick  
Michael J. Malanick  
Director of Logistics

Distribution:

Orig & 1 - Adse *By hand*  
① - OL/P&PS Official  
1 - OL Files  
1 - D/L Chrono

STAT OL/P&PS:  (24 Oct 74)

*B M.*

OL 4 5272

ROUTING AND RECORD SHEET

SUBJECT: (Optional) Evaluation Analysis of Procurement Division Workload				
FROM: Chief, PD/OL 1006 Ames		EXTENSION <div></div>	NO. STAT	
			DATE 10 MAR 1975	
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. Director of Logistics 1206 Ames				C/PD PS/OL  e/p ps 3/7/75 B
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